



## FISCAL MEMORANDUM

### SB 394 - HB 738

February 23, 2023

**SUMMARY OF BILL AS AMENDED (004065):** Requires doula services offered by an individual with a verification of certification by the Department of Health (DOH) be made available to TennCare recipients. Requires the DOH to establish a process to verify the certification of doula providers in this state.

### FISCAL IMPACT OF BILL AS AMENDED:

**Increase State Revenue - \$70,000/FY23-24**  
**\$49,700/FY25-26 and Subsequent Years**

**Increase State Expenditures – Net Impact –**  
**\$867,500/FY23-24**  
**\$1,391,500/FY24-25 and Subsequent Years**

**Increase Federal Expenditures – Net Impact –**  
**\$1,029,400/FY23-24**  
**\$2,058,800/FY24-25 and Subsequent Years**

Assumptions for the bill as amended:

- According to the U.S. Bureau of Labor Statistics, in May 2021 there were 140 nurse midwives in Tennessee. Since prior to the proposed legislation there was no state certification for doulas, this analysis assumes that the number of doulas is about the same as nurse midwives.
- Although the proposed legislation allows for DOH to set the process for verification of doula certification, it is assumed that the certification fee will be the same as for professional midwifery, which is \$500. Assuming all doulas will seek state certification, there will be an increase in state revenue of \$70,000 (\$500 x 140) in FY23-24.
- It is assumed the renewal process will also be the same as professional midwifery, which requires licensure renewals biennially with a fee of \$710, resulting in an increase in state revenue every two years of \$99,400 (\$710 x 140), or an average of \$49,700 per year beginning in FY25-26.
- In calendar year 2021, the Division of TennCare covered 41,918 births. This number is assumed to remain constant.

- This estimate assumes 25 percent of all covered pregnant women will participate in the pilot program, or 10,480 ( $41,918 \times 25.0\%$ ).
- The cost of coverage per doula is estimated to be \$700. This would lead to an increase in expenditures of \$7,336,000 ( $10,480 \times \$700$ ) annually.
- Medicaid expenditures receive matching funds at a rate of 65.485 percent federal funds to 34.515 percent state funds. Of this amount, \$2,532,020 ( $\$7,336,000 \times 34.515\%$ ) will be in state funds and \$4,803,980 ( $\$7,336,000 \times 65.485\%$ ) will be in federal funds.
- Doulas are not currently licensed providers in Tennessee. Therefore, if the certification verification process described in the proposed legislation does not provide appropriate licensure, then the full standard federal match rate could be at risk.
- Based on lower preterm and cesarean birth rates associated with women who receive doula support, the average savings per birth using a doula is estimated to be about \$400. This could mean a potential decrease in total expenditures of \$4,192,000 ( $10,480 \times \$400$ ). Of this amount, \$1,446,869 ( $\$4,192,000 \times 34.515\%$ ) will be in state funds and \$2,745,131 ( $\$4,192,000 \times 65.485\%$ ) will be in federal funds.
- Due to the time to establish the certification verification process, the first-year impact (FY23-24) is assumed to be half of the full-year impact.
- Therefore, the net increase in state expenditures is estimated to be \$542,576 [ $(\$2,532,020 - \$1,446,869) \times 50\%$ ] in FY23-24 and \$1,085,151 ( $\$2,532,020 - \$1,446,869$ ) in FY24-25 and subsequent years; the net increase in federal expenditures is estimated to be \$1,029,425 [ $(\$4,803,980 - \$2,745,131) \times 50\%$ ] in FY23-24 and \$2,058,849 ( $\$4,803,980 - \$2,745,131$ ) in FY24-25 and subsequent years.
- The proposed legislation requires the DOH to create and implement a certification verification process. The DOH will require three additional positions as follows:
  - Two Administrative Services Assistant 4 positions, resulting in a recurring increase in state expenditures of \$173,612 [ $(\$59,496 \text{ salary} + \$17,210 \text{ benefits} + \$7,900 \text{ administrative costs} + \$1,600 \text{ communications} + \$600 \text{ supplies}) \times 2$ ] in FY23-24 and subsequent years.
  - One Public Health Nursing Consultant 2 position, resulting in a recurring increase in state expenditures of \$132,756 ( $\$98,904 \text{ salary} + \$23,752 \text{ benefits} + \$7,900 \text{ administrative costs} + \$1,600 \text{ communications} + \$600 \text{ supplies}$ ) in FY23-24 and subsequent years.
- The one-time increase in expenditures associated with the three additional positions is estimated to be \$18,600 [ $(\$3,500 \text{ computer costs} + \$2,700 \text{ office furniture}) \times 3$ ].
- The total net increase in state expenditures will be \$867,544 ( $\$542,576 + \$173,612 + \$132,756 + \$18,600$ ) in FY23-24, and \$1,391,519 ( $\$1,085,151 + \$173,612 + \$132,756$ ) in FY24-25 and subsequent years.

## **IMPACT TO COMMERCE OF BILL AS AMENDED:**

**Increase Business Revenue – Net Impact - \$1,572,000/FY23-24**  
**Net Impact - \$3,144,000/FY24-25**  
**and Subsequent Years**

**Increase Business Expenditures –**  
**Less than \$1,572,000/FY23-24**  
**Less than \$3,144,000/FY25-26**  
**and Subsequent Years**

Assumptions for the bill as amended:

- The proposed legislation only makes changes to the Division of TennCare and DOH, not private insurance providers.
- Individuals who provide doula services will experience an increase in business revenue for providing services estimated to be \$7,336,000.
- Hospitals will experience a decrease in business revenue from TennCare expenditures estimated to be \$4,192,000 due to a decrease in preterm and cesarean birth rates.
- A net increase in business revenue of \$3,144,000 (\$7,336,000 - \$4,192,000).
- Due to the effective date, a net increase in business revenue of \$1,572,000 (\$3,144,000 x 50.0%) in FY23-24, and \$3,144,000 in FY24-25 and subsequent years.
- For companies to retain solvency, any increased expenditures will be less than the amount of increased revenues collected. Therefore, the net increase in business expenditures is estimated to be less than \$1,572,000 in FY23-24 and less than \$3,144,000 in FY24-25 and subsequent years.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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